
AGENCY: Department of Administration, Facilities Management and Property Services

SUBJECT: Real Property Conveyance – NOCS South Atlantic Cold Storage and Warehouse

The SC State Ports Authority (Port) requests approval to sell and convey to NOCS South Atlantic Cold Storage & Warehouse, Inc. (NOCS) approximately 9.8 acres of land and a 160,000 square foot refrigerated/cold storage warehouse building located at 1091 Remount Road in North Charleston for the purchase price of \$16,500,000. The parcel is part of a larger tract consisting of 12.84 acres, however, approximately 2.77 acres upon which there exist a railroad easement is being retained. The property and the warehouse are currently leased to NOCS, and therefore, are not directly used for Port operations.

The Port and NOCS have negotiated a purchase and sales agreement which includes a provision for the grant of a railroad easement agreement for NOCS's access, use and benefit of the railroad siding located on the Railroad Parcel (Rail Parcel). During the due diligence period, the parties will, in good faith, negotiate and finalize the Easement Agreement. The proceeds from the sale of the property will be retained by the State Ports Authority pursuant to 2019-2020 Appropriations Bill H.4000, Part 1B, §93.15.

AUTHORITY ACTION REQUESTED:

As requested by the SC State Ports Authority, through the Department of Administration, approve the proposed property sale by the SC State Ports Authority of approximately 9.8 acres of land and a 160,000 square foot refrigerated/cold storage warehouse building located at 1091 Remount Road in North Charleston to NOCS South Atlantic Cold Storage & Warehouse for the purchase price of \$16,500,000 and the subsequent railroad easement.

ATTACHMENTS:

Agenda item worksheet and attachments

**STATE FISCAL ACCOUNTABILITY AUTHORITY
AGENDA ITEM WORKSHEET**

Meeting Scheduled for: October 13, 2020

Regular Agenda

1. Submitted by:

- (a) Agency: Department of Administration
- (b) Authorized Official Signature:


Ashlie Lancaster, Director

2. Subject: Real Property Conveyance - NOCS

3. Summary Background Information:

The SC State Ports Authority (Port) requests approval to sell and convey to NOCS South Atlantic Cold Storage & Warehouse, Inc. (NOCS) approximately 9.8 acres of land and a 160,000 square foot refrigerated/cold storage warehouse building located at 1091 Remount Road in North Charleston for the purchase price of \$16,500,000. The parcel is part of a larger tract consisting of 12.84 acres, however, approximately 2.77 acres upon which there exist a railroad easement is being retained. The property and the warehouse are currently leased to NOCS, and therefore, are not directly used for Port operations.

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- 4. What is the Authority asked to do?** Consider approval of the proposed property sale by the SC State Ports Authority and the subsequent railroad easement.
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- 5. What is recommendation of the division of Facilities Management and Property Services?** Consider approval of the proposed property sale by the SC State Ports Authority and the subsequent railroad easement.
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6. Private Participant Disclosure – Check one:

- ☐ No private participants will be known at the time the Authority considers this agenda item.
- ☒ A Private Participant Disclosure form has been attached for each private participant.
- As referenced on the Disclosure forms, a private participant is a natural person or non-governmental legal entity which may directly benefit from, and is participating in or directly associated with, the requested approval.
-

7. Recommendation of other office (as required)?

- (a) Authorized Signature: _____
- (b) Office Name: [Click or tap here to enter text](#)
-

8. List of Supporting Documents:

- (a) Letter from Randolph R. Lowell of Willoughby & Hoefler, P.A., General Counsel for the SC State Ports Authority dated September 15, 2020
- (b) Subdivision Plat
- (c) SC Code of Laws Section 54-3-155
- (d) 2019-2020 Appropriations Bill H4000, Part 1B, Proviso 93.15
-

9. Upload Agenda Item Worksheet and supporting documentation in PDF and native format to the SFAA Authority File Drop.

WILLOUGHBY & HOEFER, P.A.

ATTORNEYS & COUNSELORS AT LAW

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J. JOSEPH OWENS

ELIZABETH S. MABRY
J. PATRICK HUDSON
OF COUNSEL

JOSEPH H. FARRELL, III
SPECIAL COUNSEL

*ALSO ADMITTED IN TEXAS
**ALSO ADMITTED IN WASHINGTON, D.C.
***ALSO ADMITTED IN CALIFORNIA
****ALSO ADMITTED IN NORTH CAROLINA

September 15, 2020

Mr. Delbert Singleton
State Fiscal Accountability Authority
Wade Hampton Building, Ste 600
Columbia, SC 29201

Ms. Ashlie Lancaster
South Carolina Department of Administration
1200 Senate Street, Ste. 460
Columbia, SC 29201

Dear Mr. Singleton and Ms. Lancaster:

The purpose of this letter is to notify you that the South Carolina State Ports Authority (Port) herein seeks the approval of the State Fiscal Accountability Authority (SFAA) and/or the South Carolina Department of Administration (DOA) for the sale of certain real property located in Charleston County, South Carolina. A Real Property Transaction Submission & Approval Form relating to this request is attached hereto as **Exhibit A**.

By way of a brief background and introduction, the Port has engaged in ongoing efforts to sell property that is not specifically related to Port operations. In furtherance of these efforts, the Port offered for sale approximately 12.84 acres located at 1091 Remount Road in North Charleston, Charleston County, South Carolina, less approximately 3.0 acres upon which there exists a railroad easement reserved in favor of the United States of America (Property). This Property also includes the sale of an approximately 160,000 square foot refrigerated/cold storage warehouse building (Warehouse). The Property and the Warehouse are leased to NOCS South Atlantic Cold Storage & Warehouse, Inc. (NOCS) and, therefore are not directly used for Port operations. This parcel, which is designated in the Charleston County public records as Tax Map Number 502-00-00-021, and the pertinent easement are reflected on the plats attached as **Exhibits B and C**. A copy of an existing deed for a portion of the Property is attached as **Exhibit D**. Additional deed documents will be provided as soon as possible.

As a result of this offering, NOCS has agreed to purchase the Property and the Warehouse and the Port soon will be entering into a Purchase Sale Agreement (Agreement) with NOCS for the sale of the Property. A copy of the contract in substantive form will be provided as soon as possible. Although the specific boundaries of the Property to be conveyed may be slightly modified

OFFICES:

COLUMBIA | 930 RICHLAND STREET, COLUMBIA, SC 29201 | 803.252.3300 FAX 803.256.8062
CHARLESTON | 133 RIVER LANDING DRIVE, SUITE 200, CHARLESTON, SC 29492 | 843.619.4426 FAX 843.619.4490

to address any necessary rights-of-way for the relevant railroad easement, which is being retained, the primary boundaries of the Property to be conveyed are reflected on the plat attached as **Exhibit B**, less the portion of the parcel containing the railroad easement reflected on the plat attached as **Exhibit C**. In addition, this sale will be approved by the Port Board at its next scheduled meeting on September 23, 2020.

In preparing for the potential sale of the Property, the Port commissioned an appraisal to be performed by The Guerry Group ("Guerry"). As reflected in the report dated August 19, 2020, a copy of which is attached as **Exhibit E**, Guerry estimated the "as is" value of the entire 12.84-acre parcel to be between \$16,800,000 and \$19,300,000. However, Guerry noted that this range "represents the estimated market value range for the subject property as if sold on the open market" which properties "are most often sold utilizing a real estate broker where the seller is responsible for payment of real estate commissions which can range between 2% to 5% for this type of property." Guerry further advised that, "[w]hen negotiating a sale to an existing tenant, the client should consider the lack of marketing expenses and the lack of market exposure when setting an acceptable sales price." Accordingly, the net amount to be realized by the Port if the property had been marketed through a real estate broker and assuming a 2% commission fee—the low end of fees identified in Guerry's appraisal—would have been \$16,464,000 to \$18,914,000. In addition, the Guerry appraisal was based upon the sale of the entire 12.84-acre parcel and did not adjust the appraisal amount for the portion of the Property utilized for the railroad easement, which will not be sold but will be retained by the Port.

Here, the Port is selling the Property to NOCS and no marketing expenses or real estate commissions will be incurred or due in connection with the present sale. In addition, and as referenced above, the Port is not selling the entire 12.84-acre parcel, but is retaining the portion reserved for the railroad easement, which warrants an appropriate reduction in the sales price. In light of these factors, the Port submits that the sales price of \$16,500,000 is reasonable and appropriate.

The Port further notes that the property sale, for which the Port is presently seeking approval, will be undertaken with the resources available to the Port and will not impact the State's General Fund. Accordingly, and as more fully described above, the Port respectfully requests that SFAA and/or the DOA approve the property sale.

Thank you for your assistance with this matter and, if you have any questions or need any additional information, please do not hesitate to contact me.

Very truly yours,

WILLOUGHBY & HOEFER, P.A.



Randolph R. Lowell



Sheet No. 396

SEASOARD AIR LINE RAILROAD CO.

N 01° 32' 07" W

Point of Beginning

N 04° 31' 22" E 784.07'
S 04° 30' 42" W 924.56'
PROPERTY LEASED TO N.C.T. CO.

N 01° 32' 07" W 610.11'
N 01° 32' 07" W 421.7'

118 DOORS

USA

Deed of Conveyance, South Carolina
Recorded in the Office of the Register of Deeds
for the County of Charleston, South Carolina, on
the 15th day of March, 1965, at 10:00 A.M.
the following instrument was recorded:
The first part of the instrument is a deed of
conveyance from the South Carolina State
Railroad Company to the N.C.T. Co., of the
County of Charleston, South Carolina, of a
certain lot or parcel of land, to-wit:
A certain lot or parcel of land, situated in
the County of Charleston, South Carolina,
containing 1.18 doors, more or less, and
being the same as is more fully described
in the instrument of conveyance from the
South Carolina State Railroad Company to
the N.C.T. Co., of the County of Charleston,
South Carolina, recorded in the Office of the
Register of Deeds for the County of Charleston,
South Carolina, on the 15th day of March, 1965,
at 10:00 A.M.

Robert H. Bandy
Register of Deeds

- KEY
- CONC. MONUMENTS
 - IRON PIN
 - ② RAIL MONUMENTS
 - POWER LINE

PROPOSED PROPERTY EXCHANGE
AT NORTH CHARLESTON, S.C.

PLAT OF PARCEL #1 TO BE CONVEYED FROM U.S. DEPT.
TO S.C.S. & P. R.
SURVEYED MARCH 1965
NOTES: BEARINGS PER SOUTH CAROLINA PLANE COORDINATE SYSTEM



March 1965
S.C.S. & P. R. additional data.

SECTION 54-3-155. Sale of real property, building, terminals, or other permanent structures.

Without prior approval from the State Fiscal Accountability Authority or the Department of Administration, as applicable, the authority may not sell any real property or any buildings, terminals, or other permanent structures, excluding equipment, appurtenant to real property that are or may be used to carry out the purposes of the authority as provided in Section 54-3-130.

HISTORY: 2009 Act No. 73, Section 8, eff June 16, 2009.

Code Commissioner's Note

At the direction of the Code Commissioner, references in this section to the offices of the former State Budget and Control Board, Office of the Governor, or other agencies, were changed to reflect the transfer of them to the Department of Administration or other entities, pursuant to the directive of the South Carolina Restructuring Act, 2014 Act No. 121, Section 5(D)(1), effective July 1, 2015.

South Carolina General Assembly
123rd Session, 2019-2020

H. 4000

General Appropriations Bill for fiscal year 2019-2020
As Ratified by the General Assembly

PART IB

OPERATION OF STATE GOVERNMENT

SECTION 93 – D500-DEPARTMENT OF ADMINISTRATION

93.15. (DOA: Sale of Surplus Real Property) Up to fifty percent of the proceeds, net of selling expenses, from the sale of surplus real properties shall be retained by the Department of Administration and used for the deferred maintenance of state-owned buildings. The remaining fifty percent of the net proceeds shall be returned to the agency that the property is owned by, under the control of, or assigned to and shall be used by that agency for nonrecurring purposes. This provision applies to all state agencies and departments except: institutions of higher learning; the Public Service Authority; the Ports Authority; the MUSC Hospital Authority; the Myrtle Beach Air Force Redevelopment Authority; the Department of Transportation; the Columbia State Farmers Market; the Department of Agriculture's Columbia Metrology Lab building and property; the Charleston Naval Complex Redevelopment Authority; the Department of Commerce's Division of Public Railways; the Midlands Technical College Enterprise Campus Authority; the Trident Technical College Enterprise Campus Authority; the Commissioners residence at the Department of Corrections and the Educational Television Commission's Key Road property.

The Educational Television Commission shall be authorized to retain the net proceeds from the sale of its property on Key Road, and such proceeds may be used for the renovation of the ETV Telecommunications Center and other maintenance and operating expenses. If it is determined that sufficient net proceeds are not to be derived from the sale of its property on Key Road to cover the cost of all renovations of the Telecommunications Center, the property on Key Road shall not be sold. Any proposed sale hereunder shall, prior to said sale, be submitted to the Department of Administration for approval as being in compliance with the requirements of this subsection.

The Department of Corrections shall be authorized to retain the net proceeds from the sale of the residence provided for the Commissioner of the Department of Corrections and use such proceeds for deferred maintenance needs at the Department of Corrections.

The Forestry Commission shall be authorized to retain the net proceeds from the sale of surplus land for use in firefighting operations and replacement of firefighting equipment.

The Department of Natural Resources shall be authorized to retain the net proceeds from the sale of existing offices originally purchased with a federal grant or with restricted revenue from hunting and fishing license sales for the improvement, consolidation, and/or establishment of regional offices and related facilities.

The Department of Agriculture, the Educational Television Commission, the Department of Corrections, the Department of Natural Resources, and the Forestry Commission shall annually submit a report, within sixty days after the close of the fiscal year, to the Senate Finance Committee and the House Ways and Means Committee on the status of the sale of the identified property and a detailed accounting on the expenditure of funds resulting from such sale.

This provision is comprehensive and supersedes any conflicting provisions concerning disposition of state-owned real property whether in permanent law, temporary law or by provision elsewhere in this act.

Any unused portion of these funds may be carried forward into succeeding fiscal years and used for the same purposes.